NEWS IN BRIEF

Dart Drug puts seven leases on market

LANDOVER, Md. — Dart Drug, Inc., which operates Fantle's Drug Stores and Total Plus deep discount stores, announced plans to sell seven store leases—five in Virginia, one in Maryland, and one in Washington, D.C.

All seven stores are presently closed, and in three of the stores subtentants are paying rent. Dart, which filed Chapter 11 in August last year, retained the services of Keen Realty Consultants, a Great Neck, N.Y.-based company, to dispose of the store leases. Keen previously disposed of several hundred retail outlets for Revco D.S. when it filed Chapter 11 nearly a year and a half ago.

Red Cross, NACDS aid disaster victims

ALEXANDRIA, Va. — The Red Cross Relief Fund, aided by NACDS efforts, raised $92 million to assist victims of Hurricane Hugo and the San Francisco earthquake.

In a separate matter, NACDS has promoted Stephen Perlowski, former director of trade programs, to the newly created position of executive assistant to the president. He reports to Ron Ziegler. The trade group is also taking steps to develop a "strong" state affairs department, Perlowski said.

Super Gen'l taps public affairs head

WOODBRIDGE, N.J. — Betty Greitzer has been named director of public affairs at Supermarkets General Corp. Greitzer, an attorney, was promoted from manager of public affairs.

Ryan named CVS' exec vp-operations

WOONSOCKET, R.I. — Thomas Ryan, senior vp-pharmacy the past 10 months at CVS, has been promoted to executive vp-operations. He is responsible for store operations and pharmacy activities. Ryan, who joined CVS in 1974, replaces J. Kevin Hughes, who has retired.

May's opens 5th Okla. deep discounter

TULSA, Okla. — May's Drug Stores recently opened its fifth Drug Warehouse deep discount store in this market.

The remodeled 19,000-square-foot store, which offers more than 20,000 beauty, cosmetic, drug and household items, replaces an older, 8,900-square-foot May's Drug store vacated in November. The store features a one-hour photo lab and the area's largest discount greeting card department.

Hallmark to purchase Dakin

KANSAS CITY, Mo. — Hallmark said it has agreed to buy Dakin, Inc., the maker of plush toys, in a move the card company said will allow marketing synergies. Dakin had $150 million in revenues last year.

Rite Aid appoints Hansen vp, treasurer

SHIREMANSTOWN, Pa. — Rite Aid has appointed Doug Hansen vp and treasurer, replacing Robert Brown, who retired.

Hansen comes to Rite Aid from Tambrands, based in Lake Success, N.Y., where he was treasurer the past five years. Previously, he was vp and treasurer of Geo International Corp., formerly Peabody International, of Stamford, Conn.

IN THIS ISSUE

Trends

Marketing in college towns . 13

Beauty Trends

Beauty Beat 24
Category in Motion 24

Inside Pharmacy

Exclusive interview with APhA's Gans IP1
Mandatory consulting lacks a consensus IP1
Cohen's Capsules IP3
Washington Perspective . . IP4
Statewire IP6
You Be the Judge IP6
Drug Watch IP8
Healthtalk IP9
Rx/OTC Product Updates IP16
1990 *DrSN* guide to generic companies . . . IP19
C.E. Lesson IP23

Departments

Opinion 4
In the Market 4
The Human Side 4
SAMI 6
Ads and Promos 9
People in the News 9
Finance 34

Small Operator Focus

See marketing in college towns—Pg. 13

Fire destroys an Amherst tradition

AMHERST, Mass. — Many Amherst College students paused to read the sign on the door. It began, "To all our loyal friends and customers: It is with great difficulty that we have reached a decision not to reopen College Drug Store."

The sign went on to note that the drug store had served Amherst since 1910; that it was "truly an old-fashioned neighborhood drug store," with a soda fountain that later gave way to cosmetics; and that it was among the first pharmacies in the state to computerize. The message was signed, "John and Kate Hersey."

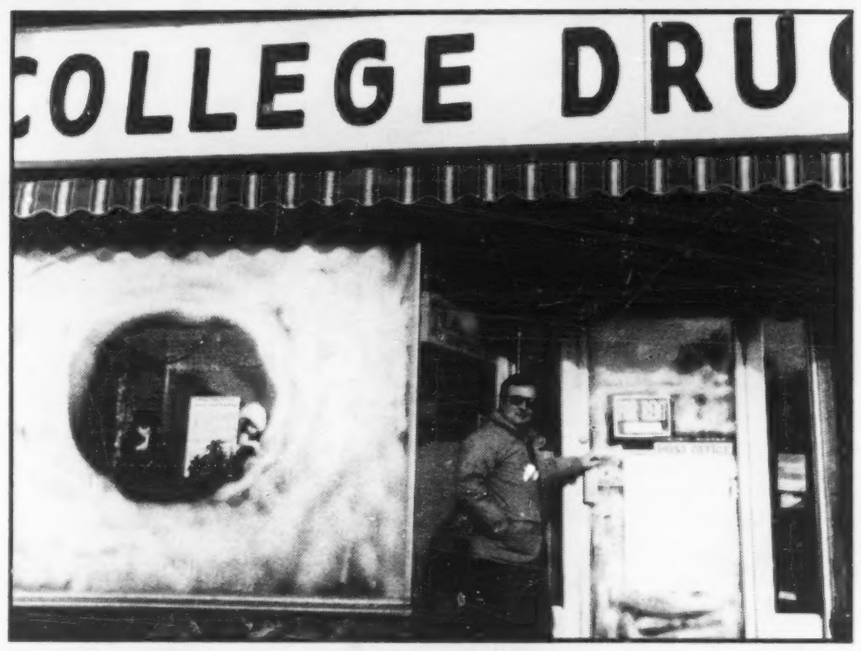
Kate Hersey's grandfather, William McGrath, bought the business 79 years ago. Her father, William McGrath Jr., took over in the 1930s, and in 1954, moved the business to its current corner location.

"I don't even like to come in here anymore," said pharmacist John Hersey as he picked his way past the debris and empty shelves—about all that's left in the store after a fire spread from the shoe shop next door on Nov. 4.

"The computer was running, and it just sucked in the heat and smoke," Hersey recalls.

Hersey had a full cellar of inventory, and the insurance company sent the salvagers in within three or four days. "Everything went," he said.

Then the state came in: "We sealed all the boxes, and $60,000 worth of drugs went to the landfill."



John Hersey, pharmacist, in front of College Drug Store, Amherst, Mass., which he and his wife decided not to reopen after a fire struck in November.

But the coup de grace for the Herseys was a state law requiring that they install an elevator to accommodate the handicapped as part of renovations. The elevator would have to be installed at the rear of the store, where the pharmacy area is. "That would make the store one-third smaller, and you can't survive with a store that small." When Hersey looked elsewhere to relocate, he found rentals had skyrocketed to $25 a square foot and up.

That spelled the end for College Drug Store, the last independent in town, and with it, a part of Amherst's history. "Prince Rainier of Monaco was one of our customers when he was a student at Amherst," Hersey said.

Robert Frost, who lectured at Amherst, was also a customer.

The Herseys have an old leatherbound book of prescriptions that were pasted down on the pages. "We know [Amherst poet] Emily Dickinson's prescriptions are in there, but the prescriptions don't include names," Hersey said. Dickinson scholars used to ask to look through the book, "to see if they could find a clue to what she died of."

Right after Labor Day was the busiest time of the year, with 30,000 students showing up on campuses. (The University of Massachusetts and Hampshire College are also in Amherst.) "You had about seven days to educate them on where to buy," he said.

But that's history. Now Hersey, 41, plans to become a hospital pharmacist.

In the center ring: Ike's 1st Ark. store

LITTLE ROCK, Ark. — Fire-eaters, jugglers, acrobats, a live band and on-the-scene radio coverage created a circus-like atmosphere when Ike's, Super D's deep-discount operation, opened its first store here in time for Christmas.

The 36,000-square-foot store, the fourth Ike's and the third with pharmacy, features an optical department offering eye exams and lens crafting on-site. While two other Ike's have optical departments, this is the first operated by a licensed optometrist, who leases the space. A pair of glasses, including frames and lenses, sells for $29.95. All future Ike's will have pharmacy and optical departments, said Ike's president Bill Mitchell.

Located in Markham Square Shopping Center near major highway interchanges in southwest Little Rock, the new Ike's boasts 18 checkouts, including two apiece in cosmetics, pharmacy, the electronics department and the service counter. The store, which had its grand opening Dec. 9, is expected to do $10 million to $12 million in business per year, Mitchell estimated.

Ike's is near a decision on a second store site in Little Rock, he said, adding that two other units are planned to open this year: in Jackson, Miss., a new market for Ike's, and a fourth store in Memphis, the chain's hometown.

Correction In the Jan. 8 issue, a typographical error led us to incorrectly state Perry Drug Stores' current store count, which is 214, not 114, units. We regret the error.

Bindley Western tabs prez, COO

INDIANAPOLIS — Keith W. Burks, 31, has been named president and chief operating officer of Bindley Western Drug Co., the main operating division of Bindley Western Industries, William E. Bindley, chairman and ceo, announced.

Burks, who was also elected a senior vp of the parent company, replaces C. Richard Zartman, who retired Jan. 1.

Burks, a certified public accountant, joined the company in 1977 as a management trainee in the warehouse and progressed to controller in 1985 and vp and Indianapolis division manager in 1987. The following year, he was elected a group vp.

Zartman, 65, came to Bindley Western in 1976 and in 1985 as vp and general manager of the Southeastern division in Orlando, Fla. In 1985 Zartman was promoted to executive vp. Two years later he was elected president. Zartman will continue to serve as a director of the parent company.

OPINION

H&BA or HBC, that is the question

IN THE MARKET
BRUCE BUCKLEY

When it comes to language, I'm a traditionalist.

I don't much like change. Fad words make me wince.

But a recent supermarket industry initiative to change the wording of a traditional product phrase intrigues me. The phrase is health & beauty aids, or, in *Drug Store News*' shortened style, H&BA.

A lot of people in the retail food field, including the Food Marketing Institute, have opted to change health & beauty *aids* to health & beauty *care*, or HBC. The impetus for the change: the discomfort some retailers feel in juxtaposing health and beauty with a word that has become perhaps the most dreaded acronym of our time.

What nonsense, you're thinking? How can they arbitrarily tamper with a product designation that goes back to the earliest days of drug stores? That's a reaction that a lot of retailers would have. Indeed, Ron Ziegler of NACDS quickly torpedoed a suggestion that the association consider following the supermarket industry's lead and change HBA to HBC. Ziegler wants to stick with the traditional.

It's hard to knock that decision. Yet, leave aside for a moment the wish not to be stampeded into change by the fear of customers associating health and beauty aids with the deadly disease. There's another reason for considering a change. And that is that health and beauty care may be more in tune with the marketing philosophy of today's retailers, who are doing more than just putting products out on shelves and waiting for customers to pick them up.

So, despite my orginal protestation about being a language traditionalist, I'd consider changing *Drug Store News*' style from H&BA to HBC. But first I'd like to hear from you. *Progressive Grocer*, a leading supermarket trade magazine, is running a coupon in its January issue asking readers to send in their opinions on the H&BA vs. HBC controversy.

I like the idea. Below is a coupon for readers to clip and send to me. FAX is a quicker alternative. If I get a good response, I'll publish the results in a future issue.

What's Your Opinion?

☐ Yes, change to HBC. ☐ No, keep H&BA.

Title (optional) _____

Company (optional) _____

Name (optional) _____

FAX: 212-838-9487

Mail to: Bruce Buckley, Drug Store News, 425 Park Avenue, New York, N.Y. 10022

Customer clout can make suppliers wince

THE HUMAN SIDE
AL HELLER

Alas, Christmas is the time of giving. It was during this past holiday season that I learned first hand exactly how giving suppliers sometimes have to be to powerful retailers. Indeed, this type of giving knows no season.

Feeling flush with several days off in December, I helped my brother, who is in his fourth year of business, primarily as a supplier of *hors d'oeuvres* to restaurants and partygivers in the greater New York area.

I arrived on this one day expecting to man his register and handle his retail customer flow. Instead, the regular driver was unavailable and I was needed to deliver around town. Outfoxing Manhattan's traffic agents, outdueling cabbies and dodging construction sites are material enough for a book, so I won't focus on that here.

Instead I'll tell about my new level of awareness of how customers with clout can make suppliers wince. This, of course, is nothing new to anyone reading this column. But there's a hell of a difference between talking squeeze theory in the office and actually living it on the street. The parties and monies involved here aren't important, but the attitude is. And it lends a fresh positive perspective on today's buzzword, partnering, which is the antithesis of what happened to me this day.

The problems begin

I was irked by my mid-afternoon delivery to this popular multi-million-dollar Manhattan eatery—not just because the client wanted more for less, but because of the implicit threat, the lack of fairness and the lack of recognition of how these high-quality *hors d'oeuvres* contributed to his image.

As I entered, customers were lined up waiting for tables. People parted so I could maneuver toward a rear counter with the order. One of the proprietors met me to examine the merchandise and invoice. Then the fun began.

He: I'm being charged for *these*? (referring to part of the listed order)

Me: It's part of the order, and it's right here. What's wrong?

He: When we called in, we explained *these* were for my personal use. I shouldn't be charged for these. Is X aware?

Me: I don't know. Why don't you pay me for this complete order, and when I go back in, I'll tell X your concern. If he agrees a mistake was made, he'll credit you on the next order.

He: On the next order!? (Then, with disdain) He wants to charge me, he'll charge me. (He then walks over to ask one of his staff.) Did you tell him this was for my own use? (His staffer nods affirmatively.) Get him on the phone.

After a hushed phone conversation that lasts about a minute, I am about to be paid the lesser amount.

While this was happening, I was thinking how my brother had to assume the risk for everything from product development to timely delivery, then foot the bill for a client's greed. The client had little more to do than hike up the price and sell the merchandise to his patrons.

This, of course, is a small-time example of the client-vendor relationship that has existed since time immemorial: favors, special services and buying the business have always been around.

I'm an editor, not a supplier. But I felt like one for the day, and can now lend more sympathy to people caught in these squeeze plays regularly.

On the bright side for the chain drug industry, heavyweight marketers from top retail chains are talking beyond platitudes about developing true partnerships with suppliers—and moving deliberately in that direction. Without large and small suppliers, after all, merchants would miss a lot: new product excitement to draw customers, incentives to promote lots of lines, and the knowledge with which to planogram effectively and derive maximum benefit from what's on their shelves.

After the way I felt that day, I hope these partnering efforts work.

DRUG STORE NEWS

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Veczak**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Field Editor **Christine Bizzarro**
Assistant Pharmacy Editor
Elizabeth Richardson
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maria Agruss-Ferrigno**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr.
Debbie Rothenberg

Board of Advisers

Judie Doherty, McKesson Corp.
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Dick Boyd American Drug Stores
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher
James T. deGraffenreid
VP/Administration **Harry A. Estes**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Human Resources **Richard D. Groberg**
VP/Editorial Director **David Q. Mahler**
Treasurer **Barry Okun**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau · MPA · ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising*. Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

SPECIAL SAMI REPORT

'Extra strength' gaining volume among proprietaries

PRODUCT TRACKING
ALAN MILLER

The premise of "extra" and "maximum strength" is a prime motivator for line extensions in proprietary remedies. In order to assess these items' contribution to brand and category volume, we analyzed the high sales categories of internal analgesics and cold remedies for size and trends. The reports used for this special study were item scans in dollars for the year ended Sept. 8, 1989, showing national movement vs. that of a year ago for all items of major brands in these two categories in food stores.

Among internal analgesics, items under scrutiny were described as extra strength, maximum strength or arthritis strength. In the case of Ecotrin, which is a special arthritis product, only the maximum strength items were included in the breakout. Among cold remedies, besides extra strength and maximum strength descriptions, such items as Contac Severe Cold Formula were included. Those items differentiated by duration of relief claims weren't. In both categories, brands with less than a 1-percent share weren't included.

Among the 13 leading brands of internal analgesics, there are four with no extra-strength line extensions to date: Nuprin, Advil, Medipren and Panadol. There are two brands with roughly two-thirds of their volume currently provided by extra-strength line extensions. In each of these instances such items have increased in share substantially during the past 52 weeks, amounting to 2.0 share points in the case of brand "F" and 6.1 share points for brand "H". Two of the nine brands designated in the chart had losing share trends for their added-strength items: 2.3 share points for brand "D" and 0.6 of a share point for brand "G".

In the entire internal analgesics category, the identified extra-strength items had an annual volume of $316.3 million, or 28.8 percent of total category movement. Their share increased 0.6 of a point vs. the corresponding year-ago period, and their combined volume was 5.2 percent ahead of last year, as compared to a gain of 3.0 percent for the entire category.

In the cold remedies category, extra strength items overall do not have the same importance as was seen among internal analgesics, although there are two major leading brands, Sinutab II and Sinutab Maximum Strength, in which all of the volume is credited to extra strength.

Other proprietary remedy categories with extra-strength line extensions include antacids, external analgesics, cough remedies, sleeping aids, and appetite suppressants. Strength is also a variable factor in vitamin categories, both synthetic and natural.

Manufacturers wishing to secure additional information on extra-strength or other proprietary remedy line extension variables in food or drug stores, nationally or regionally, should contact Tom Angell, manager of H&BA services, Arbitron/SAMI, 41 E. 42nd St., New York, N.Y. 10017.

Dollar importance of extra strength internal analgesics in food stores

(Year ended Sept. 1989 vs. year ago)

Leading brand identification	Year ago	Current	Share change
Leading brand A	32.8%	32.9%	0.1
Leading brand B	0.8	9.9	0.1
Leading brand C	0.0	0.0	—
Leading brand D	38.4	36.1	(2.3)
Leading brand E	6.0	6.1	—
Leading brand F	63.5	65.5	2.0
Leading brand G	15.7	15.1	(0.6)
Leading brand H	60.3	66.4	6.1
Leading brand I	22.4	26.6	4.2
Leading brand J	48.1	50.1	2.0
Total leading brand extra strength volume (thousands of $)	$300,608	$316,295	5.2
internal analgesics category volume (thousands of $)	$1,064,298	$1,096,387	3.0

Source: Arbitron/SAMI

Execs predict acceleration of mergers & acquisitions: survey

NEW YORK — Merger and acquisition activity will stay at the current level or pick up over the next five years, rather than decrease, predicted 53 percent of the 150 top executives at Fortune 1000 companies who responded to a survey by Braxton Associates, the strategic consulting arm of Touche Ross.

Moreover, 77 percent of respondents expect merger activity in their own industry to maintain current levels or increase next year.

The survey was done to provide insight into the increasingly important corporate strategy of growth by merger. Braxton noted that 1988's deal value of about $250 billion, as reported by W. T. Grimm, represents 40 percent of the annual capital expenditures of U.S. corporations.

Mergers and acquisitions represent significant investments and are typically a company's largest and most time-consuming investment decision in the year the deal is done, Braxton said in the survey report, yet, "In spite of the stakes involved, the acquiring companies' odds of success are lower than for reinvestment into the base business." One reason, according to Braxton, is the 40-percent premium above market value that acquirers typically pay.

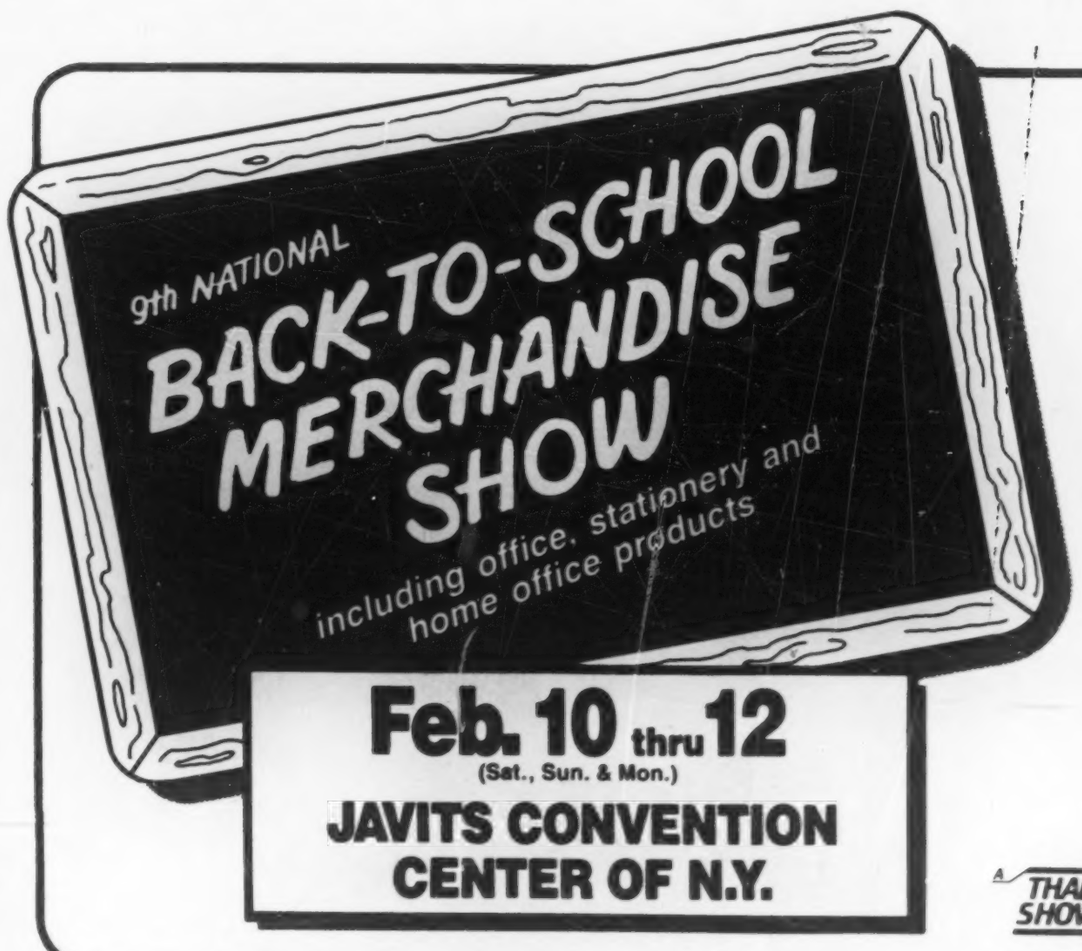
Ninety percent of survey respondents said their own companies are likely or possibly will do additional mergers within the next two years. Those who report past success with mergers are more likely to plan future mergers.

"These results strongly suggest that the tripling of the annual value of deals that took place in the 1980s is not a cyclical peak," said Thomas L. Doorley III, managing partner of Braxton and author of the report. "Merger and acquisition activity is likely to maintain this higher level in the 1990s."

Sixty percent of respondents said mergers and acquisitions already completed will help their industry's health over the next five years, while 25 percent said they will hurt, and 14 percent said they won't have an effect.

Seventy-three percent of respondents reporting on a total of 241 mergers and acquisitions said their expectations were met. On this finding, Doorley commented, "Most observers, including [Braxton], estimate that only 30 percent to 35 percent of mergers undertaken are truly successful. The extremely high report of successful mergers in our survey may reflect unwarranted optimism.

"But there are reasons to support that optimism," he continued, citing survey findings that companies are taking more time to prepare for and complete mergers, and very few diversification-driven mergers, historically the least successful, are being done.


9th NATIONAL
BACK-TO-SCHOOL MERCHANDISE SHOW
including office, stationery and home office products
Feb. 10 thru 12
(Sat., Sun. & Mon.)
JAVITS CONVENTION CENTER OF N.Y.

Volume buyers can't afford to miss this spectacular once-a-year event.

There's nothing else like it!

- ✔Meet virtually all the major manufacturers of office, stationery and home office products.
- ✔Expanded — bigger than ever! More than 90,000 products in over 85 merchandise categories.
- ✔Don't miss this unique opportunity to buy the right merchandise — at the right price.
- ✔Discover new ways and new ideas to help you merchandise this multi-billion dollar market.
- ✔Free educational seminar. ✔Free shuttle bus service.

For your free admittance badge write on your company letterhead:

NATIONAL BACK-TO-SCHOOL MERCHANDISE SHOW
42 Bayview Ave. P.O. Box 4200 Manhasset, NY 11030-4200
(516) 627-4000 FAX: (516) 365-5844

A THALHEIM SHOW

FINANCIAL

Winter blast chills Yule sales

Continued from page 3

two days, and five straight days in which the mercury didn't rise above zero. "We expected that to have a horrible effect, but were pleasantly surprised," said Snyder Drug's president, Don Beeler. The weather affected customer counts, but shoppers bought more, he said.

Preliminary figures indicated cosmetics-fragrance sales were especially good, Beeler added.

In Michigan, Perry Drugs' Christmas sales overall were "a little softer than we'd hoped for," affected by remodeling and other programs involving store changes that Perry implemented in 1989. However, sales did pick up after the holidays, a Perry spokesman said.

Michigan-based Arbor Drugs reported a good, "on-plan" holiday season, with last-minute shoppers causing gridlocks around shopping centers, an Arborspokesman said.

Cold weather meant some "hot" items at Arbor were weather-related, such as electric blankets and Sunbeam's Cuddle-Up. Other good performers were Remington's clippers for nose and ear hairs, Dancing Flowers, telephone-related items, a videocassette rewinder, "lots of aspirin" and cough-cold products.

West Coast

On the West Coast, Bartell Drug's preliminary data showed Christmas sales "lived up to our expectations," said president George Bartell.

Bill's Drugs in California reported solid Christmas sales, although "not what everyone expected. We didn't beat last year's sales," said the chain's chairman and ceo, Bill Eames.

Northeast

In the Northeast, Genovese Drug Stores posted a 10-percent increase overall for the period from the day after Thanksgiving through Christmas Eve, which was "not what we'd expected—we projected more," said Don Gross, vp-marketing. Same-store sales rose between 5 and 6 percent. "On the whole, it was a good, but not a great Christmas," Gross added, noting that bitterly cold weather probably hurt sales. However, early bad weather may have helped prescription counts, he said, with number of prescriptions rising by roughly 10 percent and dollar sales gaining more than 20 percent over the past month or so. Genovese's photo departments also were "gangbusters."

Unlike many chains, Rhode Island-based Douglas Drug had a fortunate break in the weather, according to Steve Ferguson, vp-marketing. "It usually snowed during the night, so that roads were clear by morning. And a snow in November gave a kick to the early Christmas selling season," he said. "We're not going to do cartwheels in the streets, but we're not shedding tears, either," he summed up.

While most drug chains characterized their holiday selling period similarly to Gross's "good but not great" appraisal, one mass merchant asserted sourly, "Most chains have enough cosmetics inventory to reset an initial planogram for next year's Christmas."

Sales top $1B in Bergen's first qtr.

ORANGE, Calif.—Bergen Brunswig's net sales and other revenues broke the $1-billion barrier for the first quarter ended Nov. 30, increasing 13 percent to $1.09 billion, from $968 million in the year-ago period.

Net earnings were a record $14.9 million. The quarter includes the impact of the 3.3 million additional shares resulting from last February's recapitalization. For the prior-year quarter, earnings were $12 million.

Sales up, net down for Genovese's 3rd qtr.

MELVILLE, N. Y. — Genovese Drug Stores reported sales for the third quarter ended Nov. 10 of $90.2 million, a 12.5-percent increase from last year, with net income of $599,000, down from last year's $657,000. Year-to-date sales were $294.7 million, up 13.9 percent over last year, with income of $2.1 million, down from last year's $2.9 million.

Available in **January** on
1 W/11 Deal for an **extra 8⅓ %** off-invoice
HERPECIN-L®
Cold Sore Lip Balm. *"It Works!"*
Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Drug Store News (ISSN 0191-7587) is published biweekly—every other Monday, monthly in December— by Lebhar-Friedman Inc., 425 Park Ave., New York, N. Y. 10022. Subscription rates: in-field subscribers, retailers and wholesalers, one year (23 issues) $19.50; two years $35. Manufacturers and their representatives $45; schools, libraries and all other out-of-field subscribers $95. Single copy rate $4. Foreign subscriptions: airmail only $125 per year.

Second-class postage paid at New York, N.Y. and additional mailing offices. Copyright © 1990 by Lebhar-Friedman Inc. All rights reserved. POSTMASTER: Please send address changes to Subscription Dept., Drug Store News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. For change of address six weeks notice to Subscription Dept., 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079 is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 12, No. 2 Jan. 22, 1990

MARKET DIARY:

Largest Dollar Gainer	American Home Products	$ 4.63
Largest Dollar Loser	Durr-Fillauer	$ – 1.75
Largest Percentage Gainer	Ketchum	140.00%
Largest Percentage Loser	Taro-Vit Industries	– 9.09%

Advances	43
Declines	10
Unchanged	4
New highs	12
New lows	2

	Close 12/26/89	Close 1/9/90	Net Change	Percent Change
Drug Store News Index	2877.83	2951.11	73.28	2.55
Dow Jones Industrial Average	2709.26	2766.00	56.74	2.09
Standard & Poor's 500-Stock Index	346.81	349.62	2.81	0.81
N.Y.S.E. Composite	191.72	193.35	1.63	0.85
Value Line Index	254.60	259.30	4.70	1.85

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 12/26/89	Closing Price 1/9/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Arbor Drugs	ARBR	22.25	22.75	0.50	2.25	22	0.16	0.70	24.75	9.50
OTC	Big B	BIGB	12.38	13.38	1.00	8.08	19	0.16	1.20	15.25	10.63
OTC	Drug Emporium	DEMP	8.00	9.38	1.38	17.19	14	0.20	2.13	16.38	7.75
NYS	Fay's Inc.	FAY	10.50	10.75	0.25	2.38	14	0.20	1.86	15.00	8.63
ASE	Genovese Drug	GDX.A	9.75	9.88	0.13	1.28	14	0.24	2.43	12.88	8.75
OTC	Leroy Pharmacies	LERY	3.13	3.75	0.63	20.00	– 29	0.00	0.00	5.38	2.88
NYS	Longs Drug Stores	LDG	44.25	43.13	– 1.13	– 2.54	15	0.96	2.23	48.50	34.50
OTC	Medicine Shoppe	MSII	20.50	22.25	1.75	8.54	24	0.16	0.72	23.25	15.50
NYS	Perry Drug	PDS	9.38	8.75	– 0.63	– 6.67	13	0.00	0.00	13.50	7.50
NYS	Rite Aid Corp. (L)	RAD	30.75	34.75	4.00	13.01	14	0.88	2.53	41.13	29.50
NYS	Walgreen Co.	WAG	44.63	45.13	0.50	1.12	18	0.80	1.77	50.25	32.75
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	22.38	24.50	2.13	9.50	14	0.32	1.31	27.25	19.50
OTC	Bindley Western Ind.	BIND	10.00	10.63	0.63	6.25	17	0.00	0.00	10.75	7.00
OTC	Cardinal Distribution (H)	CDIC	23.75	24.25	0.50	2.11	19	0.08	0.33	25.00	13.25
OTC	Durr-Fillauer (H)	DUFM	24.00	22.25	– 1.75	– 7.29	14	0.24	1.08	24.38	18.00
ASE	Ketchum (L)	KCH	1.88	4.50	2.63	140.00	– 1	0.00	0.00	7.50	1.63
NYS	McKesson Corp.	MCK	34.88	36.13	1.25	3.58	16	1.44	3.99	39.75	29.63
ASE	Moore Medical	MMD	9.00	9.63	0.63	6.94	– 4	0.00	0.00	15.13	8.25
NYS	Owens & Minor	OMI	12.38	12.63	0.25	2.02	24	0.24	1.90	15.88	11.25
Manufacturer's transactions											
NYS	Abbott Labs	ABT	67.25	68.38	1.13	1.67	18	1.40	2.05	70.38	46.25
ASE	Alou	ALU	2.00	2.13	0.13	6.25	3	0.00	0.00	3.00	1.88
NYS	American Home Products (H)	AHP	103.38	108.00	4.63	4.47	16	3.88	3.59	110.25	81.38
NYS	Baxter International (H)	BAX	24.50	25.25	0.75	3.06	18	0.56	2.22	26.25	18.00
OTC	Block Drugs Co. (H)	BLOCA	37.25	37.00	– 0.25	– 0.67	15	0.68	1.84	38.00	30.63
ASE	Bolar Pharmaceutical	BLR	17.88	17.38	– 0.50	– 2.80	10	0.00	0.00	32.25	12.75
NYS	Bristol-Myers Squibb (H)	BMY	55.50	55.50	0.00	0.00	20	2.12	3.82	58.25	44.00
NYS	Carter-Wallace	CAR	57.50	57.88	0.38	0.65	18	0.80	1.38	60.50	39.13
ASE	Forest Labs	FRX	41.00	42.50	1.50	3.66	33	0.00	0.00	44.50	24.13
ASE	Halsey Drug	HDG	6.00	5.75	– 0.25	– 4.17	19	0.20	3.48	7.13	3.25
NYS	ICN Pharmaceutical	ICN	5.25	5.25	0.00	0.00	– 25	0.00	0.00	7.00	5.00
ASE	Lee Pharmaceutical	LPH	2.00	2.13	0.13	6.25	– 14	0.00	0.00	5.38	1.88
ASE	P. Leiner Nutrition	PLI	10.25	10.38	0.13	1.22	12	0.00	0.00	14.25	8.88
NYS	Lilly Eli Co. (H)	LLY	66.00	66.88	0.88	1.33	22	1.64	2.45	69.25	43.25
NYS	Marion Labs	MKC	26.13	27.00	0.88	3.35	56	0.36	1.33	36.63	22.00
NYS	Merck Co.	MRK	75.75	77.38	1.63	2.15	21	1.80	2.33	80.75	59.75
NYS	Mylan Labs	MYL	24.13	22.75	– 1.38	– 5.70	53	0.20	0.88	25.38	7.50
OTC	Newport Pharmaceutical	NWPH	3.25	3.25	0.00	0.00	– 13	0.00	0.00	6.63	1.75
NYS	Par Pharmaceutical	PRX	6.25	6.63	0.38	6.00	18	0.00	0.00	11.88	3.88
NYS	Pfizer Inc.	PFE	66.75	69.63	2.88	4.31	16	2.20	3.16	75.75	54.00
NYS	Rorer Group (H)	ROR	45.88	47.63	1.75	3.81	22	0.84	1.76	48.38	36.13
NYS	Schering Plough (H)	SGP	82.75	84.25	1.50	1.81	21	1.80	2.14	87.50	56.50
NYS	Syntex Corp.	SYN	49.50	52.75	3.25	6.57	19	1.48	2.81	54.50	36.50
OTC	Taro-Vit Industries	TAROF	1.38	1.25	– 0.13	– 9.09	42	0.00	0.00	1.88	1.25
NYS	Thiokol Inc.	TKC	12.63	12.88	0.25	1.98	14	0.28	2.17	121.00	12.13
NYS	Upjohn Co.	UPJ	37.88	37.50	– 0.38	– 0.99	19	1.00	2.67	42.13	27.63
NYS	Warner-Lambert	WLA	113.50	113.88	0.38	0.33	19	3.04	2.67	118.75	74.75
NYS	Zenith Labs	ZEN	0.19	0.19	0.00	0.00	–	0.00	0.00	2.75	0.19
Other retailer transactions											
NYS	Albertson's	ABS	55.50	56.25	0.75	1.35	20	0.80	1.42	60.25	38.25
NYS	American Stores	ASC	56.50	59.75	3.25	5.75	25	1.00	1.67	72.50	53.00
NYS	Giant Food	GFS.A	26.88	27.38	0.50	1.86	16	0.48	1.75	36.25	22.13
NYS	K mart	KM	34.13	36.75	2.63	7.69	10	1.64	4.46	44.88	32.50
NYS	Kroger	KR	14.13	15.50	1.38	9.73	– 8	0.00	0.00	19.75	8.38
NYS	Melville Corp.	MES	43.63	44.13	0.50	1.15	13	1.28	2.90	53.63	38.13
OTC	Fred Meyer	MEYR	18.50	17.75	– 0.75	– 4.05	14	0.00	0.00	23.00	15.75
NYS	Penney, JC (H)	JCP	70.75	75.00	4.25	6.01	11	2.24	2.99	75.63	50.75
NYS	Smith's Food & Drug (H)	SFD	22.88	24.38	1.50	6.56	22	0.20	0.82	25.38	20.50
NYS	Wal-Mart (H)	WMT	43.38	45.75	2.38	5.48	27	0.20	0.44	47.38	30.00

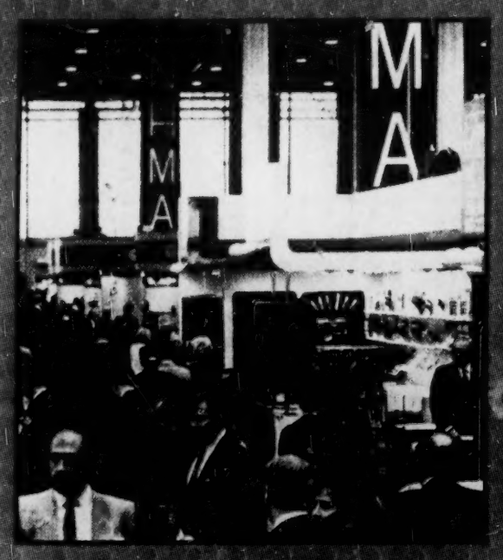
Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

BEST COPY AVAILABLE C5150-2

DRUG STORE NEWS

Vol. 12/No. 3 **Our 62nd year of serving chains, wholesalers and high-volume independents** Published by Lebhar-Friedman Inc. Feb. 5, 1990

TOP OF WEEK FEATURES



Housewares show roundup

Neon colors and see-through appliances were livened up this year's NHMA gathering in Chicago. Page 3.

Cereal to [illegible]

[illegible] a public service [illegible] brands to store [illegible]. Page 13.

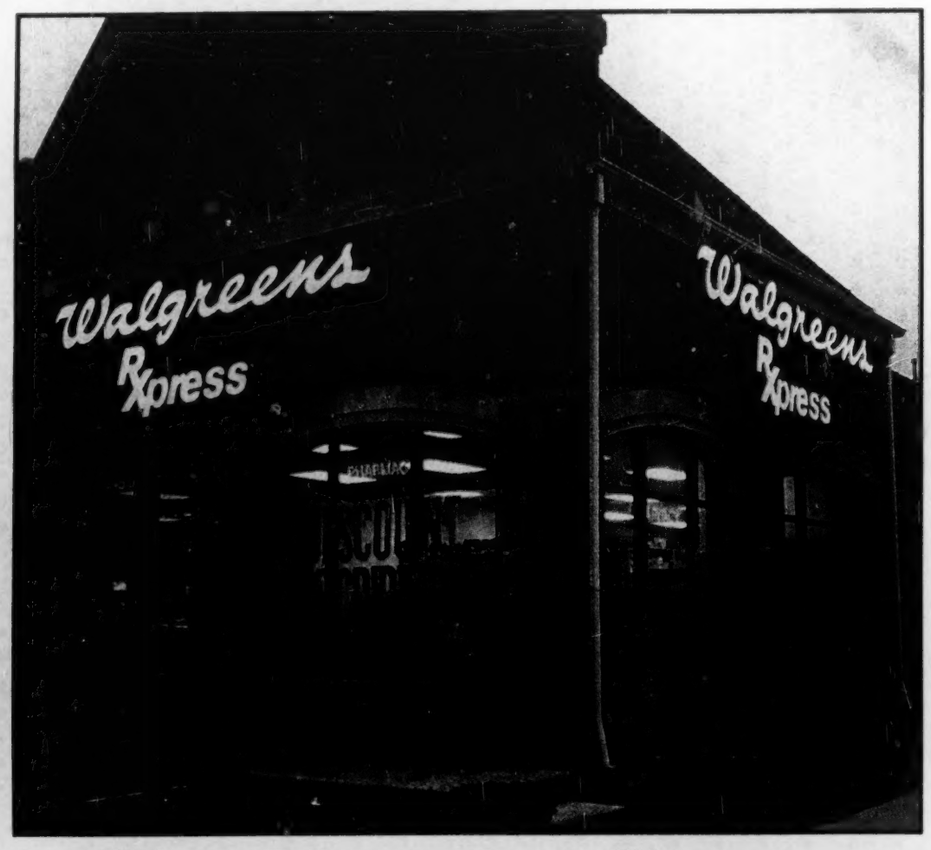
LATE NEWS

• COPIAGUE, N.Y. — A House subcommittee notified Bolar Pharmaceutical Co. to stop producing its version of Dyazide, due to false documentation.

• SHIREMANSTOWN, Pa. — Rite Aid has cancelled plans to build a $30 million headquarters on prime riverfront land in Harrisburg and instead will buy, renovate and build a 45,000-square-foot addition to a 100,000-square-foot building in East Pennsboro Township by 1991.

• PHOENIX — Salt Lake City-based Smith's plans to add three more stores [illegible] Food and Drug Centers that opened here in November.

• NEW YORK — Woolworth Express moved into Manhattan Jan. 31 with its 30th store, located at First Avenue and 15th Street.



One of Walgreens' RxPress stores in metro Chicago.

Walgreen spends heavily as it looks to the future

By James Frederick

CHICAGO — Walgreen Co. continues to invest heavily in its future as the nation's leading drug chain, spending big bucks on new and remodeled stores, automation and better distribution systems.

At the company's recent annual meeting with shareholders, top officers made it clear that Walgreens' aggressive posture will continue under new president Dan Jorndt, who succeeded Fred Canning as No. 2 man at the chain Feb. 1. Some 700 shareholders packed the meeting to hear Canning and chief executive Charles Walgreen III lay out the company's growth plans for the early 1990s.

"Our capital spending budget is $200 million for 1990, which will include more than $40 million for a new distribution center in Mount Vernon, Ill., that will open next summer," Walgreen told the overflow crowd. "That $200 million is almost 70 percent more than we spent in 1989."

Besides the warehouse, the funds will help maintain a torrid pace in store expansion and renovation. Walgreens will open about 100 new units in fiscal 1990, its chairman said, and remodel another 180

Continued on page 44

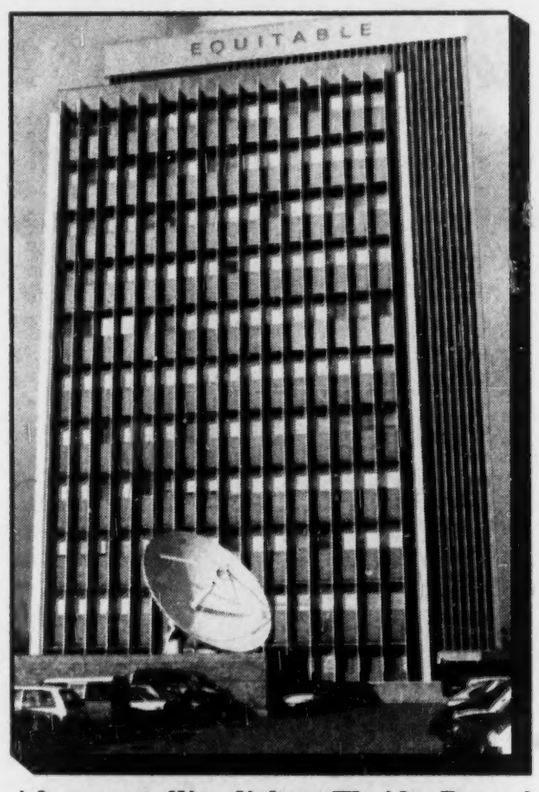
Thrifty Drugs accelerating its POS rollout

By David Vaczek

LOS ANGELES — Thrifty Drugs is preparing to reap rewards from POS sales data collection as its launches into its second year of a POS and scanning rollout. The company will double scanning systems in its Thrifty and Thrifty Jr. stores in 1990, Dick Eils, president and chief operations officer, told *Drug Store News*.

"There's going to be a wealth of information. The challenge to us is to develop meaningful reporting and distribute it to executives for use in improving the business," said Eils. Eils noted that 1990 will be the first year Thrifty will have comparable POS data from two successive years, and thus be able to use it in tailoring merchandising to local markets.

"We feel POS data gives us a much better chance to develop unique merchandising concepts and inventory controls for specific [store] areas," he said.



A huge satellite dish on Thrifty Drugs' Wilshire Boulevard office in Los Angeles receives and sends signals to its stores via the chain's growing satellite network.

See **Thrifty,** *page 45*

McK moves to acquire Canada's top distributor

SAN FRANCISCO — In a stroke that will create the first integrated international drug distribution operation, McKesson Corp. is moving to acquire Medis Health and Pharmaceutical Services, the largest and only nationwide drug distributor in Canada.

"We are excited about the opportunities presented by the extension of our operations beyond our domestic borders," said Alan Seelenfreund, McKesson's chairman and ceo, and Rex Malson, president and chief operations officer, in a joint statement.

***See* McK,** *page 45*

Drug chains eye AmEx card sales

. . . as more shoppers are leaving home *with* it

By Christine Bizzarro

"Don't leave home without it."

Given today's environment, that phrase could mean anything from a condom to an umbrella to, of course, a credit or charge card.

Drug chains, presuming that more consumers are packing a particular green one of the latter, are now accepting American Express in their stores—even after years of steady business with less costly VISA, MasterCard and Discover transactions.

Willing to bet that this payment option translates into goodwill and extra business, such drug chains as CVS, K&B, Peoples, Thrift, Big B and Genovese accept AmEx. Newer converts in recent months: Eckerd, Pay Less NW, and Hook-SupeRx, including Brooks.

The vast majority of drug

See **Credit,** *page 45*

In an American Express survey, shoppers chose Eckerd most frequently as the drug store where they wanted to use the card.

Drug Store News' *Store Manager Training and Continuing Education programs help develop store managers and pharmacists.*
For information,
dial (212) 371-9400, x 380.

SECOND CLASS

0124457
ATTN: SRI
KURT MILLS CONGRESS INF LWR
4520 E W HWY
BETHESDA MD 20814

JUN90DR

NEWS IN BRIEF

McK plans big, new St. Louis DC

SAN FRANCISCO — McKesson Drug Co. plans to break ground on a new 234,000-square-foot distribution center near St. Louis, Mo., early this year.

The facility, which will replace a smaller DC in operation since 1966, will be constructed on a 15-acre site in O'Fallon, about 25 miles west of St. Louis.

McKesson has opened four new distribution centers in the past 15 months, in Cincinnati; Tampa, Fla.; Oklahoma City; and Salt Lake City, bringing the company's total warehouse space to 4.4 million square feet. With the planned DC in St. Louis, McKesson's warehouse count will be 47, all linked by satellite communications to a computer center near Sacramento, Calif.

Grass trial rescheduled to April 16

CLEVELAND — The start of the trial of Rite Aid and its president Martin Grass has been rescheduled for April 16, from its original Jan. 15 date, a circuit court official said. They face charges of attempted bribery of an Ohio State Board of Pharmacy member, which they vigorously deny.

Doherty gets NWDA committee chair

SAN FRANCISCO — Judie Doherty, vp-merchandising for McKesson Drug Co., was named chairperson of the National Wholesale Distributor's Association (NWDA) consumer products marketing committee.

She will serve as chairperson for one year, and has served on this committee for the past two years. Doherty was appointed to her current position at McKesson in 1985, and is responsible for developing merchandising policies, plans, selection of new items and categories, and selections with suppliers.

Merrell Dow adds OTC division

CINCINNATI — Marion Merrell Dow announced the formation of a new consumer products division to market the company's non-prescription products. The new division, Marion Merrell Dow Consumer Products Division, will be headed by John D. Dishaw, president of Lakeside Pharmaceuticals, a subsidiary of Marion Merrell Dow. One of the division's responsibilities includes marketing the non-prescription version of Seldane, now pending FDA approval.

Kodak exits minilab business

ROCHESTER, N.Y. — Eastman Kodak has decided to stop manufacturing photo minilab equipment, three years after the company entered the business. Noritsu America will service Kodak's existing minilab equipment in the United States.

Wholesale Club adds Ohio warehouse

INDIANAPOLIS — The Wholesale Club announced it has signed a development agreement for a new membership warehouse in Niles, Ohio, just north of Youngstown.

The 103,000 square-foot facility will be located on Eastwood Blvd., near the Eastwood Mall, and will open in the fall of 1990. The Wholesale Club currently operates 23 membership wholesale clubs in Indiana, Ohio, Michigan, Wisconsin and Minnesota.

IN THIS ISSUE

Features

91st International Housewares Expo 39

Beauty Trends

Beauty Beat 37
Category in Motion 37

Trends

Opportunities seen in child safety promos 13
Convenience drives baby care sales 33
Promos key to feminine hygiene category sales 34

Pharmacy

Supreme court rules on Jersey Rx discounting law 43
Connecticut retail drug group forms 43
Cohen's Capsules 43

Departments

Opinion 4
In the Market 4
Washington Perspective 4
Store Manager Training 6
People in the News 8
Product Updates 41
Finance 46

Drug chains help parents to promote child safety

By Christine Bizzarro

"Don't talk to strangers."

"Don't get into a car with someone you don't know."

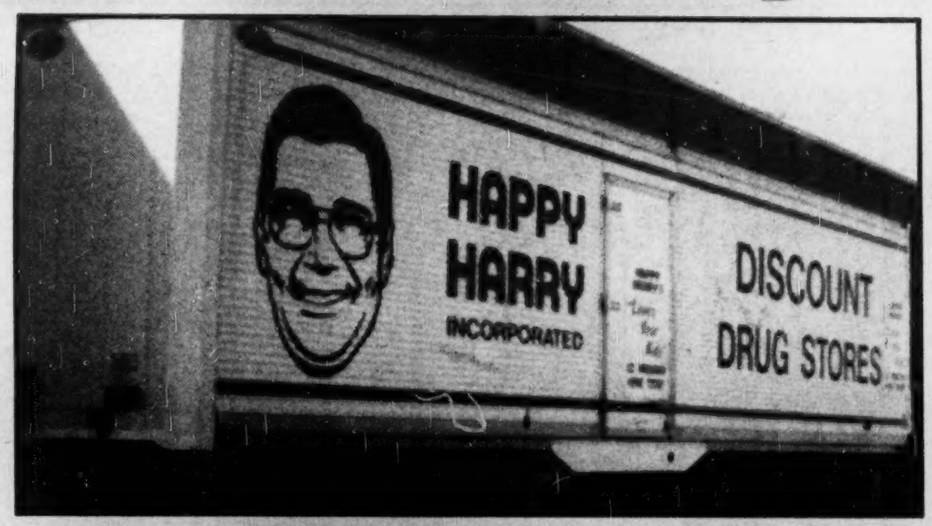
"When you answer the telephone, never tell the person you're home alone."

These sayings have been heard over and over again by children for generations, and have been repeated by moms and dads who heard them from *their* parents when they were young.

As commonplace as they might sound, there's no doubt that today's children will be repeating these precautions to their kids tomorrow. And with good reason. Over the past 10 years, incidences of child kidnapping and molestation in the United States are increasing.

Concerned parents are seeing support of their childrens' welfare from their neighborhood drug store, whether that be through specialized promotional efforts or an expanded section of child safety prod-

Continued on page 13



Happy Harry's University Plaza store in Newark, Del., set up a tractor trailer to handle the thousands of parents and children who participated in "Happy Harry's Loves Your Kids" child ID program.

Vons revamp targets working women

EL MONTE, Calif. — Aiming to lure working women to its cosmetics department, Vons Cos. debuted a new cosmetics presentation to be featured in its Pavilions and Vons Food and Drug stores.

The new cosmetics "module" was rolled into five Pavilions stores and one Vons Food and Drug store since the first prototype was unveiled last spring, said Larry Ishii, Vons Cos.' director of general merchandise and H&BAs.

"I think in the last 20 years, the single biggest factor that has molded what we do has been the rise of the "working woman," said Ishii. "We want to give the customer what they are accustomed to getting in a drug store service situation, but with an ambiance that goes beyond what you find in a drug store."

The Southern California supermarket company has revised the cosmetic department's color scheme, layout and fixtures, seeking to make the section fit in better with the Pavilions store motif, yet preserve a "store-within-a-store feel," said Ishii.

New colors, fixtures

A black and chrome color scheme launched in the first module in Garden Grove was replaced with a white, red and purple scheme matching that of the overall store. "We felt that this is a unique store and we wanted a color scheme so the module blends in," he said.

New custom-built fixtures put more emphasis on highlighting product, which includes a full complement of designer fragrances that match drug store selections. It is better lighted and its transparency creates a more uncluttered feeling. A ceiling-hung superstructure that featured photos of models has been removed.

Vons' new cosmetics module, shown here in the El Monte Pavilions Food and Drug store, shares the "drug side" of the store with gondolaed H&BAs and OTCs and the pharmacy. Some other categories, such as stationary and home office, are warehouse-shelved.

The module includes fixtures that are center lighted, "pylons" (tall freestanding-fixtures), and the use of acrylic shelving, which is lighter than glass and disperses light better, Ishii said.

The units are located in the left front corners of the stores to help segregate the section.

H&BAs and OTC product sections, currently adjacent to the cosmetic department perpendicular to the pharmacy, have been moved from warehouse shelving to gondolas and the assortment expanded. The lotion and skin care gondola now borders cosmetics.

"We're moving all the stores back to standard gondola fixtures [for H&BAs and OTCs]. The holding power of the warehouse shelving was too much."

The assortment of H&BA merchandise has been boosted in order to meet "95 to 98 percent" of shoppers' demands. With 500 to 600 SKUs added to the product mix, the H&BA assortment in stores with pharmacies is 4,500 to 4,600 SKUs. (Non-pharmacy Vons food stores typically have 2,500.)

"We want to be known as the place where they can get all their H&BA and OTC products," with customers able to special order through the pharmacy for next-day delivery if items aren't immediately available on store's shelves.

Plans are to roll out the new cosmetics module—ranging from 800 square feet to 1,300 square feet—on a limited basis, with installations slated for two new Pavillions in Culver City and Burbank, and two more Vons Food and Drug stores.

OPINION

Corner drug store's style still vital

IN THE MARKET
BRUCE BUCKLEY

A film presentation at Walgreens' recent annual meeting had a brief and funny historical vignette portraying the founder of the chain, Charles R. Walgreen, speaking on the telephone with a customer. The customer, a pleasant, matronly woman, was ordering "powders" for her husband. As the woman gave her order, Mr. Walgreen repeated it loudly to a pharmacist, who filled it and dispatched a delivery boy. And before the conversation with the drug store owner had ended, the delivery boy was knocking on the customer's door. It was perhaps the earliest use of telecommunication as a powerful retailing tool. And it helped Walgreen cement a reputation for friendly and efficient service that hasn't diminished over the years.

The attributes of the "corner drug store" that marked Walgreens in the early part of the century are as competitively potent today as ever. And it is these attributes that have the potential of setting drug stores—both chains and independents—apart as they do battle with the giants of food retailing and mass merchandisers in the nineties.

Convenience, in terms of both location and store size, is the main competitive attribute that drug stores have going for them. Female customers, who comprise about three-quarters of the typical drug store shopper base, also make up an increasingly large portion of the national work force. As such, they are pressed for time. Often they will choose a nearby drug store to pick up those two to three items that make up a typical transaction, rather than driving to a more remote supermarket, parking a long distance from the door, walking hundreds of feet to pick up those items and then standing in a slow-moving line to check out.

The focus on health and beauty care is the second potent attribute that drug stores inherit from the old-time corner drug store. It has become almost a cliché to talk about getting back to basics, but as competitive pressures intensify it's worth constant repetition.

Service is another attribute that needs to be preserved. That doesn't mean making deliveries before the customer hangs up the phone. But it does mean knowledgable and friendly pharmacists and clerks, speedy and accurate check-out and even more modern services like credit card acceptance, as the article in this issue suggests. The idea of service can also extended to fostering ease of shopping (Is there any retailer who hasn't heard the complaints of customers after a store layout is changed?), and to store ambiance: good lighting, lack of clutter and cleanliness.

There's much more, of course, and all of it is woven together like a complex spider web. But it it is these main attributes of the corner drug store that will help ensure drug stores' survival over the long haul.

The Wal-Marts, the huge combo stores and the super-sized deep discounters may seem as big and bad to drug store retailers as Tyrannosaurus Rex seemed to early mammals in the Age of Dinosaurs. But the mammals exploited their niche and won out. That's not to say that drug stores will win this battle, but they won't be luncheon morsels either.

Rx ad decision shows high court asleep

WASHINGTON PERSPECTIVE
KEN RANKIN

In one of the most important rulings of the 1970s, the U.S. Supreme Court struck down Virginia's law prohibiting price advertising of prescription drugs on grounds that this violated the First Amendment.

Certainly that was a landmark decision for retail pharmacy. It quickly lead to the elimination of similar pharmacy price disclosure bans in a number of other states. But the importance of that ruling transcended the drug store industry.

In overturning the state's Rx ad ban, the high court held for the first time that "commercial speech" (e.g. advertising) is entitled to many of the same First Amendment protections as speech by private individuals.

Suddenly, it became acceptable to advertise a wide range of goods and services that previously had been taboo. Doctors, lawyers and other professionals began to advertise their services, and in the process the marketplace became a little more competitive.

Soon private, non-governmental restraints on pharmacy price disclosure came under fire. Under pressure from Federal antitrusters, APhA and a number of state pharmacy organizations were forced to recind long-standing "ethical" codes prohibiting pharmacists from advertising prescription prices. A little more competition crept into the system.

Needless to say there was considerable resistance to the notion that pharmacists should be free to advertise Rx prices. Indeed, many independent pharmacists and pharmacy leaders favored pharmacy board rules outlawing even the disclosure of prescription prices in response to telephone requests. The way this group saw it, if consumers wanted to compare prices for Rx drugs, they could darn well walk from pharmacy to pharmacy to do it.

Organized pharmacy groups in a number of states did their best to circumvent both the spirit and the substance of the Supreme Court's Rx ad ruling. One common ploy was to allow ads for prescription medicines, but to require disclosure of so much irrelevant information that advertising became impractical.

Over the years many of these thinly-veiled state restrictions on Rx price disclosure have been identified and shot down for what they are.

Suddenly last month, the tables turned. In one of its first actions of the 1990s, the Supreme Court decided not to review a lower court's ruling which upheld an anti-competitive New Jersey law that flagrantly restricts prescription price advertising by pharmacists.

Indeed, not only does that statute bar price ads, it also prohibits the offering of discounts, "premiums or rebates of any kind whatever in connection with the sale of drugs" by New Jersey pharmacists.

How in the world can pharmacists in the Garden State justify such a blatant ban on prescription price competition? According to state officials, "razzle dazzle" price promotions for prescription products will encourage patients to switch to pharmacies offering lower prices.

For another viewpoint, see Cohen's Capsules, p. 43

Of course, that's exactly how the free enterprise marketplace is supposed to operate. But supporters of the New Jersey law contend that such pharmacy hopping by consumers would undermine the state's goal of enrolling all Jerseyites in a pharmacy-based patient medication profile system.

That's baloney. Nobody really believes that New Jersey's ban on Rx price cutting has nothing to do with the ongoing effort of independent pharmacists to insulate themselves from price competition.

I suppose we can't really blame independent druggists from trying to avoid competing with more efficient chains on the basis of price. But we certainly can blame the U.S. Supreme Court for falling asleep at the switch when this case came up for review.

DRUG STORE NEWS®
is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212-371-9400
Subscription Services:
(212) 697-2165 or (212) 697-2166
Cable Address: LEBHAFRIED
Panafax: 212-838-9487

VP/Publisher **JAY FORBES**
Editor **BRUCE BUCKLEY**

Executive Editor **Al Heller**
Senior Desk Editor **Paul W. Cockerham**
Special Projects Editor **Elizabeth Parks**
Editor/Inside Pharmacy **Harold Cohen, R.Ph.**
Senior Editor **David Vaczek**
Associate Editor **Susan Ball**
Desk Editor **Bernadette Casey**
Field Editor **Christine Bizzarro**
Assistant Pharmacy Editor **Elizabeth Richardson**
Editorial Assistant **Fred Rueckher**
Bureau Editors:
James Frederick (Sr. Editor, Cleveland)
Ken Rankin (Bureau Chief, Washington)
Deane Evans (Washington)

Art Director **Bob Brokman**
Graphic Artist **Maria Agrusa-Ferrigno**

Associate Publisher/
National Adv. Manager **JILL MANEE**

REGIONAL SALES OFFICES

New York
Nat'l Accounts Manager **Larry Krongold**
N.Y. Area Manager **Dan Bagan**
N.Y. Area Manager **John Kenlon**
Boston 1 Gateway Center, Newton, MA 02158, 617-527-6394
Regional Manager: **James Malver**
Chicago 444 N. Michigan Ave., Chicago, IL 60611, 312-644-8688
Area Manager: **Maggie Kaeppel**
Los Angeles 606 N. Larchmont Blvd., Los Angeles, CA 90004, 213-464-8321
Area Manager: **Howard Zabner**

Nat'l Director of Field Marketing & Circulation Services **Jim Dickison**
Circulation Director **Ken Turtoro**
Circulation List Manager **Vicki White**
Director of Manufacturing **Stan Kaufman**
Advertising Production Mgr. **Debbie Rothenberg**

Board of Advisers

Judie Doherty, McKesson Corp.
David Eisenberg Peoples Drug Stores Inc.
Don Gross Genovese Drug Stores Inc.
Gary Hendren SupeRx Drugs Corp.
Jeffrey Fantle Fantle's
Frank Newman F & M Distributors
Larry Rose Fay's, Inc.
Ron Schiff Pay Less NW
David Schwartz Perry Drug Stores
Gary Wilber Drug Emporium
Ron Ziegler NACDS

Board of Pharmacy Advisers

Ken Anderson SupeRx Corp.
Clarence Archer Wal-Mart
Marty Belitz Shoppers Drug Mart
Dick Boyd American Drug Stores
Len DeMino NACDS
Paul DiGrazia Safeway Stores Inc.
Phillip R. Engle Bergen Brunswig Corp.
Robert King FoxMeyer Corp.
Howard Kramer K mart Corp.
Joseph Polastri McKesson Corp.
Saul Schneider K&B Inc.
Bob Shapiro Perry Drug Stores Inc.
Charles W. Trefrey NWDA

Founder (1900-1981) **Arnold D. Friedman**

President **J. Roger Friedman**
Sr. VP/Group Publisher **James T. deGraffenreid**
VP/Administration **Harry A. Estes**
VP/Publisher **Fred Filer**
VP/Publisher **Jay Forbes**
VP/Finance **James Granato**
VP/Circulation **Martha Pattley**
VP/Publisher **John Rapuzzi**
Treasurer **Barry Okun**

Japan Diamond-Friedman Ltd. Chain Store Age Japan 1-4-2 Kasumigaseki, Chiyoda-ku Tokyo, Japan, 504-6750

The Audit Bureau · MPA · ABP

Publisher of Drug Store News, Accounting Today, Discount Store News, Nation's Restaurant News, National Home Center News, Chain Store Age Executive (with Shopping Center Age) and *APPAREL merchandising.* Affiliates: Business Guides Inc. (Directories); Lebhar-Friedman Books; Inside Retailing (Newsletter); Chain Store Age News, Japan; Largo Music Inc.

Subscriptions
Call (212) 697-2165 or (212) 697-2166.
Having a problem with your subscription? Send us full details, including the mailing label from the last copy you received, along with your telephone number. We'll do everything possible to solve the problem at once. Write to Circulation Fulfillment Director, Drug Store News, 305 Madison Ave., Suite 535, New York, NY 10165-0079.

Permissions
Materials in this publication may not be reproduced in any form without written permission. Requests for permission should be directed to Jay Forbes, publisher, Drug Store News, 425 Park Ave., New York, NY 10022.

Baby Care

TRENDS

Convenience to drive baby care market sales

The U.S. birth rate is expected to drop through the mid-1990s, and more women, as many as 60 percent, will be entering the labor force at this time, predicts research firm Frost & Sullivan.

But that doesn't mean a drying-up of the baby care market—far from it. Busy moms will be eying store shelves with greater intensity for convenient, time-saving products.

The market will grow, despite the drop in the birth rate, to $7.5 billion by 1993, up from $5.9 billion in 1988, estimates Frost & Sullivan. Disposable diapers are the largest segment, with 1988 sales of $3.1 billion expected to reach $3.9 billion by 1993.

Drug chains will see thinner, more absorbent products, as well as alternatives to the disposable diaper crisis that environmentalists say adds to the solid waste problem.

Jean Allen, corporate communications director at Kimberly-Clark, said that as far as biodegradability is concerned, "time will tell whether it will be a major factor in the diaper industry." Diapers represent less than 2 percent of material found in landfills.

But, opponents argue that there is little evidence that degradable plastics actually can break down in landfills.

Yet, some chains are seeing the merit of offering alternatives to disposable diapers.

Hannaford Bros., New England combo operator, began selling Gerber Childrenswear's reusable cloth diapers in all of its stores in December.

Pay Less NW plans to devote space in its Feb. 25 circular promoting cloth diapers and other diaper accessories—such as diaper pails, diaper pail liners and rash ointments. Jim Culpepper, merchandiser, noted that "we've always sold cloth diapers in our sections, but because of environmental concerns, we decided to advertise them—to increase awareness and bring them to the forefront."

Most drug chains are still taking a wait-and-see attitude on the sale of cloth diapers. As one Midwestern buyer put it: "It will be hard for a majority of consumers to break the convenience factor of disposables, but it's a good idea to stock cloth diapers for those consumers who are aware of the environmental problem and want to do something about it."

Vereen ad tracking data: baby care

Product	Sale price	Chain
Midwest		
Baby Wash Wipes-84s	$ 2.69	Walgreens
Johnson's Baby Shampoo-11 oz.	2.24	Drug Mart
Luvs Diapers-44s (medium)	9.99	SupeRx OH
Playtex Bottles-80s	2.29	Medic Discount
Vaseline Intensive Care Oil-16 oz.	1.89	Drug Emporium
West		
Diaper Rash Ointment-4 oz.	2.99	Pay 'n Save
Huggies Diapers-32s (large)	9.99	SupeRx
Baby Orajel Teething Lotion-.5 oz.	2.99	Thrifty
Kleenex Diapers-66s (small)	9.99	Longs
Gerber Pacifier-2s	1.66	Drug Barn
East		
Johnson's Baby Powder-14 oz.	$ 2.19	Thrift
Huggies Diapers-All Sizes	10.49	Genovese
Johnson's Wipes-84s	2.59	Thrift
Baby Magic Mennen Lotion-9 oz.	1.99	Genovese
Scott Wipes-84s	1.99	CVS
South		
Johnson's Oil-14 oz.	2.19	Taylor
Pampers Diapers-60s (small)	9.00	Eckerd
Mid-Atlantic		
Baby Magic Mennen Lotion-9 oz.	1.99	Peoples
Baby Magic Mennen Lotion-9 oz.	1.79	Fantle's
Baby Magic Bath Lotion-9 oz.	1.69	Standard

Source: Vereen & Associates, Indianapolis.

Customer loyalty! Retailers report **90% repeat** purchase rate.

HERPECIN-L®

Cold Sore Lip Balm. *"It Works!"*

Write: CAMPBELL LABORATORIES, INC.
P.O. Box 812-A, FDR, NY, NY 10150

Are You Getting Your Fair Share of the Exploding Stationery-Home Office Business?

Look for the Special Report on Stationery Inventory Management from the Allen Pen Company in the next issue of

DRUG STORE NEWS®